

Client Alert

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Russia Investment Guide: Doing Business in Russia's Far East

Russia's Far East is becoming more attractive for Japanese investors. Currently the Russia-Japan Eight-Point Economic Cooperation Plan involves over 150 projects, over half of which are either in the implementation phase or are about to get started.¹

Latest updates: the 4th Eastern Economic Forum 2018

The 4th Eastern Economic Forum took place in Vladivostok on 11–13 September 2018 ("EEF"). The forum was attended by Russian President Vladimir Putin, as well as the Prime Minister of Japan Shinzo Abe. The theme of EEF 2018 was "**The Russian Far East: Expanding the Range of Possibilities**". A total of 220 deals worth RUB 3,185 trillion (approx. USD 48.5 billion) were inked during the EEF.²

According to experts,³ the most significant agreements of the Forum are:

- **Russian Direct Investment Fund, Marubeni Corporation and AEON Corporation** signed an agreement on the terms for financing the construction of a chemical cluster in Volgograd city.
- **Gazprom and Mitsui & Co. Ltd.** signed a Memorandum of Understanding on the Baltic LNG project to consider the opportunities for cooperation in the project.

Gazprom CEO Alexey Miller and Mitsui Chair Masami Iijima discussed the ongoing cooperation on the Sakhalin II project and the prospect of collaboration between the companies. In particular, Miller and Iijima addressed the construction of a third train for the Sakhalin II LNG plant. They also considered cooperation avenues in the area of small- and mid-scale LNG projects in the Far East.⁴

Program for the development of the Far East until 2025

At the plenary session of the EEF, Russian President Vladimir Putin instructed the Russian Government to develop a National Program for the Development of the Far East.⁵

In October 2018, Ministry for Development of the Russian Far East plans to begin discussions with the expert community on the establishment of a national program for the development of the Far East until 2025.⁶

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¹ URL: <https://tass.ru/vef-2018/articles/5553467>

² URL: <https://investvostok.ru/news/1946/>

³ URL: <https://forumvostok.ru/outcomes-of-the-eef-2018/>

⁴ URL: <https://neftegaz.ru/en/news/view/175013-Gazprom-and-Mitsui-signed-MoU-on-Baltic-LNG-project>

⁵ URL: <http://en.special.kremlin.ru/events/president/news/58537>

⁶ URL: <https://www.eastrussia.ru/news/minvostokrazvitiya-obsudit-s-ekspertami-razrabotku-natsprogrammy-razvitiya-dfo/>

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Deputy Minister for the Development of the Far East Alexander Krutikov reported that there are 34 major projects, each worth more than RUB 10 billion (approx. USD 152 million). The implementation of the new economic policy in the Far Eastern Federal District made it possible to attract more than USD 60 billion in special economic zones – territories of advanced development ("TORs") and the Free Port of Vladivostok ("SPV").⁷

In some cases, TORs can be expanded to implement new projects. South Sakhalin TOR is one of such successful examples. The borders of South Sakhalin TOR for the implementation of investment projects for the construction of fish processing plants have been expanded. The corresponding Decree was signed by the Chair of the Government of Russia Dmitry Medvedev.⁸

Russian-Japanese Investment Platform

During the Russian Investment Forum 2018 in Sochi, the Japan Bank for International Cooperation ("JBIC"), the Far East Investment and Export Agency, and the Far East and Baikal Region Development Fund ("FEBRDF") established a Russian-Japanese joint venture (the Russian- Japanese Investment Fund) to implement investment projects in the Russian Far East ("Platform"). Platform will focus on attracting Japanese capital to projects in TORs and SPV.

The main objective of Platform is accompany investors at all stages: from the moment of making an investment decision to just before the launch of the project. Platform considers investment projects that will benefit both the Russian and Japanese economies.

Platform concluded the first agreements on cooperation and support of investment projects with a number of Japanese companies. The first agreements were concluded with **JFE Engineering Corporation, Arai Shoji Co. Ltd. and JSC Hokkaido Corporation.**⁹

Russian Investment Forum 2019

On 14–15 February the Russian Investment Forum 2019 will be held in Sochi. This event is a traditional platform to present Russia's investment and economic potential for foreign and local investors. The forum is held with the participation of the Chair of the Government of the Russian Federation Dmitry Medvedev.¹⁰

This Russia Investment Guide is issued to inform Baker McKenzie clients and other interested parties of legal developments that may affect or otherwise be of interest to them. The comments above do not constitute legal or other advice and should not be regarded as a substitute for specific advice in individual cases.

⁷ URL: <https://tass.ru/vef-2018/articles/5551568>

⁸ URL: <https://www.eastrussia.ru/news/granitsy-sakhalinskoy-tor-yuzhnaya-rasshireny-pod-rybopererabatyvayushchie-zavody/>

⁹ URL: <http://www.interfax-russia.ru/FarEast/print.asp?id=941319&type=news>

¹⁰ URL: <https://roscongress.org/en/events/rossiyskiy-investitsionnyy-forum-2019/>